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SPAIN'S COMMERCIAL AWAKENING.

BY FREDERIC COURTLAND PENFIELD.

PRIOR to the Spanish-American war it would have been as much of an anomaly to write of Spain as a commercial and industrial land as to seriously describe Switzerland as a maritime Power. But an industrious and prosperous Spain is a twentieth-century fact, paradoxical as the statement may appear.

Eleven short years ago, Spaniards believed that the glory of their country had passed forever with the transfer to Uncle Sam's flag and to independent sovereignty of her few remaining colonies. Not every Spaniard had known his king's name even, but every one of them was aware that for centuries half the world had been governed from the motherland south of the Pyrenees.

And these people, reared with a scant regard for industry, and inordinately proud, believed in 1898 that the future held for them only the fate of sinking to a degraded unimportance—that Spain, as an isolated state of Europe, could not hope to be more than a second Portugal. Sagacious financiers of Europe were inclined to look upon the Iberian Peninsula as a country of which the bankruptcy was only a matter of a few years. An unsuccessful foreign war, the loss of her island possessions, the destruction of all that was of value in the Spanish navy, and seething discontent at home were the factors which preceded King Alfonso's accession. No monarch since Franz Josef succeeded to the Hapsburg throne ever came to power under such unfavorable circumstances. The blow to the pride of Spain caused by the loss of her colonial empire had furnished an arm for Carlism to attack and irritate the *régime*.

It would savor of inhumanity to argue that war can bring blessings; but the proverb of the cloud with the silver lining has time and again been proven true. Never was there armed strife be-

tween nations so devoid of hatred and enmity, probably, as the war between the United States and Spain. And no American can hear now of the splendid recuperation of the once unhappy kingdom without a feeling of profound satisfaction.

A prosperous country, built upon frugality and the development of energy and of the resources of the soil, is a golden fact—a Spain of enviable commercial credit is already reared upon the ruins of the nation that for centuries existed upon shadowy romance and worship of departed grandeur. And the new Spain, whose motive-force springs not from the windmills of dreamy fiction, but from honest toil, is materially better off this year than it has been in generations.

Since the war Spanish bonds have practically doubled in value, and exchange with foreign money-markets has improved in corresponding ratio; Spanish seaports on the Atlantic and Mediterranean teem with shipping; the soil is yielding a satisfactory bounty; rich deposits of minerals are being uncovered, and, all in all, the contracted Spain is more prosperous than was the nation that had to meet yearly deficits in Cuba and in the Philippines.

Deprived of every oversea territory save a few valueless possessions in northern Africa, and the Canary Islands—and the people of this tiny group are agitating for independence or autonomy—Spain can now expect nothing but from her own resources.

At every point of the country the soil is being improved and abandoned cultivation resumed. Sizable regions of Galicia and Estremadura, desert land until recently, are now rich with crops. Carts are seen on the slopes of Old Castile, and open furrows created at great expense with rich fertilizers are giving forth generous products; and where the traveller formerly knew only sterile solitudes he sees fields of grain and prosperous farms.

In the south, stock-raising, the principal resource of Andalusia, has taken immense strides, and during a recent three-days' fair at Seville there were sold 55,000 head of cattle. Emigration has decreased to two or three thousand souls annually. What is best of all, and thereby promises much for the country's good, is the wide-spread determination for personal betterment through systematic toil. Indeed, the nature of the people seems changing from a *dolce far niente* indolence to enterprise and thrift. Thus the Spaniard is fast living down the *mañana* curse with which he

used to be twitted. In time the habit of work should elevate from the peasantry a *bourgeois* class, like that of France. Spain's prosperity then would be secure.

The expansion of existing industries and the creation of new ones have, of course, had a vital influence in bringing about these changes for the better. The number of workmen in the mines of Biscay has increased from 7,000 to 13,000 in six years, augmenting in like proportion the annual commerce of the port of Bilbao. New mines are being opened everywhere, for the land is rich in minerals of many kinds, and their extraction gives employment to much foreign and home capital.

Spain has labored so valiantly and with such ardor that her credit is now a matter of national pride. Just previous to the American war foreign exchange stood at a discount of 60 per cent. In 1900 it had improved to 27 per cent., and it is now almost at a parity. This proves the country's remarkable recovery.

The Spanish people harbor no hatred toward Americans. Naturally, there are many homes where loved ones lost in the war are still mourned; but nowhere in the land, from the Basque Provinces southward to the Mediterranean, does the tourist discover any dislike of the sons and daughters of the Great Republic. Undoubtedly more Spanish homes were stricken with grief in the years of futile effort to quell revolutions in Cuba and the Philippines, before humane duty compelled America to be the instrument for severing forever from Spanish rule the peoples of Porto Rico, of Cuba, and of the straggling archipelago of the Philippines. In outspoken Catalonia Americans are distinctly popular, and the people of Barcelona, Saragossa, and other trading towns blame Madrid's statesmen and self-sufficient officials for the fiasco of the war. Travelling Americans fearing incivility in the Peninsula promptly discover the lack of foundation for their apprehension.

However strange it may seem to think of Spain as a trading nation, that is to-day the best description of her. It used to be shouted from the political rostrum that, while the United States had caused the Stars and Stripes to float over the Philippines, American trade was not going to follow the flag to the islands; that, language and sympathies in the archipelago being Spanish, so would their commerce remain. And, whenever there was native resistance to American arms, it used to be said with a

tinge of plausibility that Uncle Sam could never control the Filipinos, could never hope even to command their trade, and that apart from supplies for governmental works the imports of the archipelago would remain preponderatingly Spanish.

Specious argument was this, for the Treaty of Paris granted only ten years for trade upon the footing enjoyed by Spain when she was the sovereign of the group. The statesmen taking upon themselves the task of moulding the new Spain were painfully cognizant of the fact that the days of Spain's trade in her former possessions were numbered, that it was destined to dwindle to the two articles that will probably always be exchanged—the importation of Philippine tobacco and the sending to the islands of a very moderate quantity of wine. And this is what Spanish-Philippine trade now is.

The tariff act which received President Taft's approval on the 5th of August last swept away all customs duties between the States and the Philippines in either direction: meaning the exclusion of all insular imports save those of descriptions not supplied by the United States, which of necessity must be obtained from other countries. Since the enactment of the new law American merchants have been moving promptly in the direction of securing the benefits open to their bidding, and various important interests have arranged for representation in the cities and large towns of the island group. New York houses expect to do a large business there in cotton goods, and later to build up a trade of reasonable magnitude in other lines.

Foreseeing that the door was to be closed against their country's trade, leaders of Spanish opinion and affairs years since set on foot a programme calling for new and augmented markets for the products of Spain. And where could they be found?

Neighboring states in Europe could never be induced to adopt Spanish wines in competition with their own. Portugal, it was known, was worse than bankrupt because fickle fashion had decreed against the wines of Oporto and Madeira. France, producing three times as much wine as Spain, had an unshakable control of the trade, while Italy's annual product of 53,000,000 hectolitres was advantageously marketed. Spain's yearly product is 21,000,000 hectolitres.

Where then could handicapped Spain discover consumers for her surplus products, to which all of southern Europe, the Phil-

ippines, Cuba and Porto Rico were practically closed? A scrutiny of the map of the world showed that Central and South America must be Spain's future field, lands wrested long ago from Spanish political rule. In these countries she would have the advantage of a common language and inherited taste, and it was known that the United States was too busy with domestic trade to make any serious attempt to secure their trade.

Being in no position to wait or temporize, Spain at once set out determinedly to capture the business, and is securing it in a measure surprising, no doubt, even to those who advocated the effort. The propaganda obviously had its conception in the minds of the brainy men sent by the Spanish Crown to the Paris Conference, and it is the first article of faith of the statesmen, headed by the astute Premier Maura, who are laboring in concert with Alfonso XIII for Spain's advancement. And with the sales of her wines and other products of the soil in South America there has arisen a general trade that is placing Spain upon a footing of enviable solvency.

It is no secret that Spain is selling our southern neighbors many goods that logically should be supplied by ourselves. Of course we cannot compete at present in purveying wines and olives. But it is the ironical fact that with the staples of the peninsula there goes to Latin America by the subsidized steamship lines much general merchandise that should be supplied by the United States. It is surely anomalous for the people of Argentina and Uruguay to wear textiles woven from American cotton in Spanish mills, or for Mexico to purchase dried fruits from oversea Spain when neighboring California might readily meet the demand.

The trade of Spain with Cuba used to be considerable. In the year of the Spanish-American war the home country sent goods to Cuba having a value of \$28,000,000, and imported from the island goods valued at \$23,700,000. The imports now from the Cuban republic have dwindled in value to \$224,000, while the exports to Cuba—chiefly wine—have a value of about \$12,000,000 yearly. Commerce with Porto Rico has fallen to a low ebb. In 1897 Spain sent the island goods valued at \$6,625,000, but now Porto Rico pays her only \$600,000 a year for merchandise.

The story of Spain's loss of the Philippines as a customer is a sad one, for in the year of the Spanish-American war the value

of commodities sent to the archipelago was about \$16,000,000, while last year it was but slightly in excess of \$2,000,000. This is the darkest page in Spain's commercial annals.

The markets in South America came neither automatically nor easily. It required tactful cultivation of amity to secure a foothold; but this gained, the volume of commerce has grown rapidly.

The countries washed by the River Plate are giving Spain a lucrative trade, which probably will grow into a permanency. The line of steamers operating under a subvention, whose terminus is Buenos Ayres, is facilitating Spain's campaign throughout a vast section of South America. Last year Spain sold Argentina goods to the value of \$11,000,000—textiles of cotton, wine, and lead—and took in exchange cereals and tallow of a value of \$7,000,000. As a proof of the rapidity with which the great republic of the Plate has become the commercial ally of Alfonso's country, it has only to be known that in 1905 Argentina bought Spanish goods to the extent of \$6,000,000, while in 1907 the value bounded to practically \$10,000,000.

All possible energy has been directed to conquering the markets of Uruguay, and this has been attended by a measure of success almost unbelievable. By 1905 the trade had reached \$9,000,000. A year later it had expanded to \$12,200,000, and in the not distant future Spain hopes to be selling Uruguay nearly \$20,000,000 worth of products yearly. Last year Paraguay bought \$2,200,000 worth of Spanish wines and manufactured cottons, in exchange for hides and skins invoiced at less than \$1,200,000.

And so it goes with Latin America; Spain has made of every state a customer for her products, and the aggregate benefit is very important. Mexico has become a large consumer of Spanish goods, chiefly crude and manufactured iron, wine and cotton textiles. Last year, out of a trade with Mexico of more than \$6,000,000, President Diaz's country paid ninety per cent. of the score in cash.

And as Spanish traffic with Cuba wanes, the loss is more than made up by Mexico's increasing consumption of Spanish merchandise. Nothing more expressive can be cited than this increase of commerce with the Mexican republic. Colombia is paying Spain a handsome cash balance each year, Chile figures as a debtor country, and the Republic of the Isthmus contributes its mite to

regenerated Spain. Portuguese in language, and never too friendly with Spain, vast Brazil sells \$2,400,000 worth of coffee to the people of Spain, and neglects buying anything of importance from them.

The statistics of the value and movement of Spain's foreign trade in the year prior to the Spanish-American war, and of twelve years later, are interesting. They are as follows:

Imports.	Exports.
1896—\$135,549,725	1896—\$160,191,262
1908— 161,330,462	1908— 161,036,689

Scrutinized without special thought of the transition taking place in the Spanish kingdom, these figures could not be used advantageously to illustrate national progress, for on their face they signify a condition more stable before the collision with American arms than at the present time. But when read with the understanding that the figures of 1896 represent trade controlled absolutely by the Spanish flag, it will be taken as satisfactory proof that new and independent markets have been secured to take the place of those disappearing with the colonies. Thus regarded, they are almost amazing. The aggregate of imports in 1908 reflected the purchasing power of the nation, and suggested a liberal purchase of machinery with which to establish local manufactures.

Spanish trade with us has grown considerably since the days of the conflict; and, while the balance continues decidedly in our favor, awakening Spain is yearly decreasing the ratio by sending us more of her products. Last year the States sold her former foe \$28,400,000 worth of goods. Raw cotton represented \$20,000,000 of this amount, petroleum came next with a value of \$2,300,000, and staves and lumber swelled the account by \$1,400,000. It is interesting to know that Spain's machinery bill with us last year was in approximate figures \$500,000, and that for Yankee typewriters \$200,000 was paid. On the other hand, Spain exported to the States goods of a value of about \$7,250,000—copper ore and bars, iron ore and pyrites, corks and corkwood, olives and Malaga grapes.

The country leading in Spain's foreign commerce is Great Britain, the exports thereto having last year a value of \$59,400,000. The lion's share of the exports was represented by the product of the Rio Tinto mines, the bulk of whose output always

goes to England. France, Italy, Holland and Belgium likewise pay annual tribute to Spain in the form of trade balances.

Statistics ordinarily are dry reading. But if they convey a message of prosperity, and be not too bald, they are never unpalatable. Liquidation of many obligations incidental to the revolutions in Cuba and the Philippines, and to the Spanish-American war, increased enormously the national debt of Spain. In the year of the struggle this was equivalent of \$1,310,865,232. It is now \$2,018,692,695. In 1897 the population of Spain and her unimportant possessions in northern Africa and the Canary Islands was 18,132,475—and that meant a *pro rata* indebtedness of \$72. Now the population is 19,712,585, thus apportioning to every soul a share equal to \$102 in the public debt. A few years back there was a steady emigration, but it is now almost wholly checked, and the expectation is that the population will gradually increase. Progressive Catalonia is steadily drawing people from France and from Italy. Economists assert that Spain is capable of supporting from thirty-five to forty million people without crowding, and these observers say that in the near future the provincial growth will be even more marked than the present urban increase of humanity. A decade ago the birth-rate was 34.38 per thousand inhabitants, and the death-rate 28.68. The figures have improved now to 33.28 and 25.13 respectively.

Last summer's revolt in Catalonia, and the unfortunate campaign against the Riff tribes in Morocco, made inroads upon the national welfare and arrested for a brief period the country's upbuilding. But the new and prosperous Spain is too positively assured to permit these events to figure as permanent setbacks—their cost will in two or three years be overcome, and it is believed that decided benefit will result from the operations at Melilla, for they awakened Spanish patriotism and pride as these have not been roused in a long time. To be victorious even in a small war must bring amazing stimulus to a people grown callous to defeat.

The price movement of bonds forms a convincing index of a nation's credit, and these quotations speak plainly the value that investors place upon a nation. The leading public bond of Spain is the "Interior," bearing four per cent. interest. In 1896 it ruled at 63. When the mutterings of war gave place to conflict this bond fell in quoted value to 47½, and the day peace with Uncle Sam was declared it sold at 49½. Just a decade after the

conflict, when Spanish recuperation was admitted to be real and tangible, "Interiors" sold at 84 and at the present time they are quoted at about 85. Just prior to the troubles in Barcelona and Morocco these bonds had a free market at 90. A novel condition applies to all Spanish securities, save one or two issues marketed exclusively abroad, which is that the government imposes a tax of twenty per cent. upon all interest coupons, and pays the coupon minus this impost.

Students of national problems used to claim that Spain lacked the most vital essential for attaining a position of permanent importance, because her soil had never fully supplied the necessities of the people; and that her mineral wealth could mean but little for the national benefit so long as mines like the important Rio Tinto copper producers were worked by alien capital, by machinery made in other lands, and for all save the commonest form of manual labor by workmen brought from other countries. But little by little the arable soil is being forced to yield a larger bounty, until now the country is practically independent of the outer world for foodstuffs. And four years ago, let it be stated, the imports of food necessities had a value approximating \$70,000,000. This is a fact possessing a significance almost equal to the advance in the country's credit, and Americans may be slow to believe that agriculture south of the Pyrenees is yet pursued in great part by methods as primitive as those left in Spain by the Moors four hundred and more years ago.

Recognizing that Spanish prosperity must come in preponderating measure from the soil, a decided interest in agriculture is being taken everywhere in Alfonso's realm. No better evidence of this can be asked than to be informed of the numbers of Spanish pupils in the agricultural schools of France, Germany and Italy; and most of these lads are noblemen and heirs to important estates, whose forefathers, most likely, took no interest in any form of husbandry. Long before an agricultural millennium can bloom in the kingdom of Alfonso XIII mechanical tillage must be introduced, vast arid sections must yet be wrested by irrigation from their long-existing barrenness, and hundreds of grandees holding historic titles must surrender their tracts of rich soil, now preserved for the chase, to the purposes of cultivation by the peasant class.

Everywhere in Spain the soil must be prepared for seeding by gang-ploughs rather than by implements that are merely metal-shod sticks; and the ripe grain must be garnered from its husks by threshing-machines, and no longer be trodden out by the hoofs of animals. Further, crops and merchandise must be hauled by steam or electricity, and not by mules driven by loutish *arrieros*; and far and wide and up and down the kingdom the railway must supplant the mule-path as the channel of commercial traffic.

A subject that the upbuilders of Spain must give thought and action to in the immediate future is forestry, for no land is in greater need of trees. In the Cortes and in the columns of enlightened journals of Madrid and other important cities much is being said on the subject of restoring the forests, beginning with pulp-wood and other quick-growing specimens of forest timber. The realm of Alfonso is as large as Maryland, Delaware, West Virginia, Virginia and North Carolina. But its forests have but one-fourth the extent of those of West Virginia alone, and many of these are only scrub thickets of a poor kind.

Much of the denuded land is absolutely barren, with a red rock laid bare where agriculture once flourished. Hills whose rounded forms indicate that they once supported forests are bald and dry now and without inhabitants. At present the most valuable forest product is cork, the annual output being 30,000 tons. The cork groves are going the way of all the other Spanish forests and for the same reason—want of care.

Foresters declare there is no reason why Spain should not be able to do what France has done: cover her barren places with trees and thus restore her soil, abate floods, mitigate droughts, provide employment for many and furnish raw materials for factories.

Spaniards have always been heavily taxed. Everything they consume, whether necessity or luxury, is taxed to the limit; everything they do is likewise taxed to the very hilt. The taxes, since the loss of the colonies, of course, have had greater *raison d'être* than before the war, and are paid with better grace. In America such burdens as the people of Spain submit to would lead to civil war, to say the least. But Latin peoples have never known anything else—their only free commodity seems to be God's pure air.

Upon his tobacco the Spaniard pays the Madrid Government an annual profit of \$27,000,000, and upon his matches a profit

approximating \$1,000,000. The salt monopoly produces a yearly revenue of nearly \$15,000,000, while the sugar monopoly brings in \$5,400,000, and the sale of alcoholic drinks \$3,700,000. Spaniards of every degree buy lottery-tickets constantly, and the fifteen-per-cent. tax on the traffic enriches the Madrid coffers by \$7,250,000 a year. The tax of fifteen per cent. on admission tickets to bull-fights adds as much more to the national exchequer. To escape service in the army well-to-do Spaniards pay the Government \$3,250,000 a year. From every source, customs duties, taxes and income from monopolies, the Government receives in these times \$216,000,000 yearly. This sum is sufficient to carry on the administration, meet the interest on all bond issues, pay for the army and navy, and leave a fair annual balance. To maintain the royal family calls for an appropriation of about \$1,780,000. Even the infant Prince of the Asturias, heir to the throne, has his individual grant of \$100,000 a year.

There has been a decided saving to the Government in naval expenditures since the events of Manila Bay and Santiago, that practically deprived Spain of a sea force. The Spanish have existed without any pretence of maintaining a navy since the war, but the nation's accession to moderate prosperity is finding expression in a demand to again be represented on the seas, and British yards are now busy with orders for Spanish war-ships.

King Alfonso has one province where it was not necessary to have the lesson of defeat to inspire industry and enterprise—Catalonia. Admirably situated, with exceptionally fertile soil, and the perfection of a mild climate, it has been an easy matter for the Catalonians to move forward. These inhabitants of south-eastern Spain are uninterruptedly descended from the Phoenicians, who were expert merchants in olden times, and with whom tenacity of purpose was a cardinal virtue. Their seaport, Barcelona, has ever had a tremendous importance in Mediterranean trade. When Hannibal made his historical journey in Iberia he wrote of Barcelona, then a small seaport, as a second Carthage. Now it is a city of 700,000 people. The Catalanian of to-day is expert, industrious and courageous—and he is making the soil sur-render the maximum of its fulness. It is doubted if there exists an acre of available Catalanian earth that is not under cultivation. On the mountain slopes, even, where rocks seem impenetrable, dynamite has pulverized the stone, and the created soil has been

planted with the vines producing the strong "Wine of Marble," which has a high fame. It would be unwise to tell a Catalonian that his province was not the first in importance in the land, and he opines that Barcelona is destined to be the greatest seaport of the universe—with his own hands he has helped to create the city upon the site of the town of his fathers, and he fairly beams with delight when assuring the visitor that the products of Spain will ever go hence to the markets of the world. Modern docks and quays make Barcelona an ideal port, but it is a sad fact that the traffic going and coming through it is limited to Spanish merchandise. It is a national seaport pure and simple.

The Catalonians have always scoffed at monarchical institutions, have even moulded their habits in a way to rebuke the pride of the Castilian in lineage and courtly prerogative; and for a generation they have clamored for annexation to republican France, or, failing this, to be given autonomous privileges practically removing them from Madrid rule.

But republicanism received its death-blow when Alfonso secured for his consort a princess of England's royal family, a niece of Edward VII. Catalonians should have perceived this; and had they recognized the apparent fact the recent outbreak, costing much in human life and treasure, would not have occurred. The summary manner in which this revolt, having almost the gravity of civil war, was dealt with by the Maura ministry proved to impartial observers of Spanish affairs that the monarchy is not to be overthrown by ordinary methods. Catalonians would promote their own cause if they punctually stifled every slumbering ember of anarchy to be found in the purlieus of Barcelona and set about cultivating agreeable relations with their king in the hours they feel like sparing from their vineyards, cotton-mills and shipping offices. Could the rest of the country be blessed with half the enterprise of Catalonia province, commercial Europe would promptly have cause for fearing the rivalry of Spain.

Whatever justice there may have been in Don Carlos's claim to the Spanish throne, the right descended in weakened form a few months since to his son, and as personified in Don Jaime, it amounts now to little more than a political tradition. The right to rule denied to a principal is seldom accorded to an inheritor.

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